

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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BILL DRAFT 2011-LAxz-5 [v.4] (12/22)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

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Short Title: Telephone and Tower Property Tax Appraisal.

(Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED  
AN ACT TO ESTABLISH UNIFORM PROPERTY TAX APPRAISAL FOR ALL  
TELECOMMUNICATIONS COMPANIES AND TOWER AGGREGATE COMPANIES  
BY PROVIDING FOR SYSTEM APPRAISAL BY THE DEPARTMENT OF REVENUE  
RATHER THAN LOCAL APPRAISAL.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-273(8) reads as rewritten:

**"§ 105-273. Definitions.**

The following definitions apply in this Subchapter:

...

(8) Intangible personal property. – Patents, copyrights, secret processes, formulae, good will, trademarks, trade brands, licenses, franchises, stocks, bonds, cash, bank deposits, notes, evidences of debt, leasehold interests in exempted real property, bills and accounts receivable, or other like property."

**SECTION 2.** G.S. 105-333 reads as rewritten:

"Article 23.

Public Service Companies.

**§ 105-333. Definitions.**

The following definitions apply in this Article unless the context requires a different meaning:

- (1) Airline company. – A company engaged in the business of transporting passengers and property by aircraft for hire within, into, or from this State.
- (2) Bus line company. – A company engaged in the business of transporting passengers and property by motor vehicle for hire over the public highways of this State (but not including a bus line company operating primarily upon the public streets within a single local taxing unit), whether the transportation is within, into, or from this State.
- (3) Distributable system property. – All real property and personal property owned or used by a railroad company other than nondistributable system property.
- (4) Electric membership corporation. – A company organized, reorganized, or domesticated under Chapter 117 of the General Statutes and engaged in the



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- business of supplying electricity for light, heat, or power to consumers in this State.
- (5) Electric power company. – A company engaged in the business of supplying electricity for light, heat, or power to consumers in this State.
- (6) Repealed by Session Laws 1973, c. 783, s. 5.
- (7) Flight equipment. – Aircraft fully equipped for flying and used in any operation within this State.
- (8) Gas company. – A company engaged in the business of supplying artificial or natural gas to, from, within, or through this State through pipe or tubing for light, heat, or power to consumers in this State.
- (9) Locally assigned rolling stock. – Rolling stock that is owned or leased by a motor freight carrier company, specifically assigned to a terminal or other premises, and regularly used at the premises to which assigned.
- (10) Motor freight carrier company. – A company engaged in the business of transporting property by motor vehicle for hire over the public highways of this State as provided in this subdivision:
- a. As to interstate carrier companies domiciled in North Carolina, this term includes carriers who regularly transport property by tractor trailer to or from one or more terminals owned or leased by the carrier outside this State or two or more terminals inside this State. For purposes of appraisal and allocation only, the term also includes a North Carolina interstate carrier that does not have a terminal outside this State but whose operations outside the State are sufficient to require the payment of ad valorem taxes on a portion of the value of the rolling stock of the carrier to taxing units in one or more other states.
- b. As to interstate carrier companies domiciled outside this State, this term includes carriers who regularly transport property by tractor trailer to or from one or more terminals owned or leased by the carrier inside this State.
- c. As to intrastate carrier companies, this term includes only those carriers that are engaged in the transportation of property by tractor trailer to or from two or more terminals owned or leased by the carrier in this State.
- (11) Nondistributable system property. – The following properties owned by a railroad company: land other than right-of-way, depots, machine shops, warehouses, office buildings, other structures, and the contents of the structures listed in this subdivision.
- (12) Nonsystem property. – The real and tangible personal property owned by a public service company but not used in its public service activities.
- (13) Pipeline company. – A company engaged in the business of transporting natural gas, petroleum products, or other products through pipelines to, from, within, or through this State, or having control of pipelines for such a purpose.
- (14) Public service company. – A railroad company, a pipeline company, a gas company, an electric power company, an electric membership corporation, a ~~telephone~~telecommunications company, ~~a telegraph company~~, a bus line company, an airline company, ~~or~~ a motor freight carrier ~~company~~company, or a tower aggregate company. The term also includes any company performing a public service that is regulated by the United States Department of Energy, the United States Department of Transportation, the

- 1 Federal Communications Commission, the Federal Aviation Agency, or the  
2 North Carolina Utilities Commission, except that the term does not include a  
3 water company, a cable television company, or a radio or television  
4 broadcasting company.
- 5 (15) Railroad company. – A company engaged in the business of operating a  
6 railroad to, from, within or through this State on rights-of-way owned or  
7 leased by the company. It also means a company operating a passenger  
8 service on the lines of any railroad located wholly or partly in this State.
- 9 (16) Rolling stock. – Motor vehicles, railroad locomotives, and railroad cars that  
10 are propelled by mechanical or electrical power and used upon the highways  
11 or, in the case of railroad vehicles, upon tracks.
- 12 (17) System property. – The real property and personal property used by a public  
13 service company in its public service activities. The term also includes  
14 public service company property under construction on the day as of which  
15 property is assessed which when completed will be used by the owner in its  
16 public service activities. The term does not include intangible personal  
17 property that is classified and excluded from the tax base pursuant to G.S.  
18 105-275(31).
- 19 ~~(18) Telegraph company. – A company engaged in the business of transmitting~~  
20 ~~telegraph messages to, from, within, or through the State.~~
- 21 (19) ~~Telephone~~ Telecommunications company. – A company engaged in the  
22 business of ~~transmitting telephone messages and conversations to, from,~~  
23 ~~within, or through this State.~~ providing telecommunications service as  
24 defined in G.S. 105-164.3
- 25 (20) Repealed by Session Laws 1973, c. 783, s. 5.
- 26 (21) Terminal. – A motor freight carrier facility that includes buildings for the  
27 handling and temporary storage of freight pending transfer between  
28 locations. The term also includes a facility that handles truckloads only and  
29 typically consists of a wide, open space where rolling stock is parked and a  
30 building for offices and maintenance of rolling stock.
- 31 (22) Tower aggregate company. – A company that owns towers used by a  
32 telecommunications company to provide telecommunications service and  
33 that is not a telecommunications company.
- 34 (23) True value. – Defined in G.S. 105-283."

35 **SECTION 3.** G.S 105-335 reads as rewritten:

36 **"§ 105-335. Appraisal of property of public service companies.**

37 (a) Duty to Appraise. – ~~In accordance with the provisions of subsection (b), below, the~~  
38 The Department of Revenue ~~shall must~~ appraise for taxation the true value of each public  
39 service company ~~(other than bus line, motor freight carrier, and airline companies) as a system~~  
40 ~~(both inside and outside this State). Certain specified properties of bus line, motor freight~~  
41 ~~carrier, and airline companies shall be appraised by the Department in accordance with the~~  
42 ~~provisions of subsection (c), below, and all other properties of such companies shall be listed,~~  
43 ~~appraised, and assessed in the manner prescribed by this Subchapter for the properties of~~  
44 ~~taxpayers other than public service companies. in accordance with this section.~~

45 (b) Property of ~~Public Service Companies Other Than Those Noted in Subsection~~  
46 ~~(c)-Electric, Gas, Pipeline, and Telecommunications Companies.~~ –

- 47 (1) System Property. – Each year, as of January 1, the Department of Revenue  
48 ~~shall must~~ appraise at its true value ~~(as defined in G.S. 105-283)~~ the system  
49 property used by each public service company both inside and outside this  
50 State. Property leased by a public service company shall be included in

- appraising the value of its system property if necessary to ascertain the true value of the company's system property.
- (2) Nonsystem Personal Property. – Each year as of January 1, the Department shall appraise at its true value ~~(as defined in G.S. 105-283)~~ each public service company's nonsystem tangible personal property subject to taxation in this State.
- (3) Nonsystem Real Property. – In accordance with the county in which the public service company's nonsystem real property is located and the schedules set out in G.S. 105-286 and 105-287, the Department of Revenue shall appraise at its true value ~~(as defined in G.S. 105-283)~~ each public service company's nonsystem real property subject to taxation in this State.
- (c) Property of Bus Line, Motor Freight Carrier, ~~and Airline~~ Airline, and Tower Aggregate Companies. –
- (1) Bus Company Rolling Stock. – Each year as of January 1, the Department shall appraise at its true value ~~(as defined in G.S. 105-283)~~ the rolling stock owned or leased by or operated under the control of each bus line company, which bus line company is domiciled in this State or which is regularly engaged in business in this State.
- (2) Motor Freight Carrier Company Rolling Stock. – Each year as of January 1, the Department shall appraise at its true value ~~(as defined in G.S. 105-283)~~ the rolling stock owned by a motor freight carrier company or leased by a motor freight carrier company and operated by its employees which motor freight carrier company is domiciled in this State or is regularly engaged in business in this State at a terminal owned or leased by the carrier.
- (3) Flight Equipment. – Each year, as of January 1, the Department shall appraise at its true value ~~(as defined in G.S. 105-283)~~ the flight equipment owned or leased by or operated under the control of each airline company that is domiciled in the State or that is regularly engaged in business at some airport in this State.
- (4) Tower Equipment. – Each year, as of January 1, the Department shall appraise at its true value the towers and related site improvements that are owned by each tower aggregate company."

**SECTION 4.** G.S. 105-338 reads as rewritten:

**"§ 105-338. Allocation of appraised valuation of system property among local taxing units.**

(a) State Board's Duty. – For purposes of taxation by local taxing units in this State, the Department of Revenue shall allocate the valuations of public service company property among the local taxing units in accordance with the provisions of this section.

(b) System Valuation of ~~Companies Other Than Those Noted in Subsection (c)~~ Electric, Gas, Pipeline, Railroad, and Telecommunications Companies. –

- (1) System Property of Railroad Companies. – The appraised valuation of the distributable system property of a railroad shall be allocated for taxation to the local taxing units in accordance with the ratio of the miles of all the company's tracks in the local taxing unit to the total miles of all the company's tracks in this State, adjusted to reflect density of traffic in the local taxing unit.
- (2) System Property of ~~Telephone~~ Telecommunications Companies. –
- a. The Department of Revenue shall divide each ~~telephone~~ telecommunications company's system property in this State into the following two classes and shall determine the original cost of that

property and the percentage thereof represented by the property in each of the two classes.

– Class 1: Property located in this State that is identified under the applicable uniform system of accounts as central office equipment, ~~large P.B.X. equipment,~~ cellular equipment, personal communication service equipment, motor vehicles, tools and work equipment, office furniture and equipment, materials and supplies, and land and buildings (including towers and other structures).

– Class 2: Property located in this State that does not come within Class 1.

The Department of Revenue shall then apply the percentages obtained in accordance with this subdivision to the appraised valuation of the company's system property in this State and thereby derive the proportions of appraised valuation to be allocated as Class 1 and Class 2 valuations to local taxing units in accordance with subdivision (b)(2)b, below.

b. Having made the division required by subdivision (b)(2)a, above, the Department of Revenue shall allocate the appraised valuation of the properties in each class among the local taxing units of the State as follows:

– Class 1: The appraised valuations of property in this class shall be allocated among the local taxing units in which such property of the company is situated on January 1 in the proportion that the original cost of such property in the taxing unit bears to the original cost of all such property in this State.

– Class 2: The appraised valuations of property in this class shall be allocated among the local taxing units in which the company operates in the proportion that the miles of the company's ~~single aerial wire and single wire in cable (including single tube in coaxial cable)~~ transmission wires or cables in the taxing unit bears to the total of such wire miles of the company in this State.

(3) System Property of ~~Other Companies Appraised by the Department of Revenue.~~ Electric, Gas, and Pipeline Companies. –

a. The provisions of this subdivision (b)(3) shall govern the allocation of the property of ~~all companies appraised by the Department of Revenue except railroad, telephone, bus line, motor freight carrier, and airline companies.~~ electric, gas, and pipeline companies.

b. The appraised valuation of the system property of such a company shall be allocated for taxation to the local taxing units in which the company operates in the proportion that the original cost of the taxable system property in the local taxing unit on January 1 bears to the original cost of all the taxable system property in this State. If in any local taxing unit the company owns system property acquired prior to January 1, 1972, for which the original cost cannot be definitely ascertained, a reasonable estimate of the original cost of that property shall be made by the company, and this estimate shall be used by the Department of Revenue for allocation purposes as if it were the actual original cost of the property.

(c) Property of Bus Line, Motor Freight Carrier, and ~~Airline.~~ Airline, and Tower Aggregate Companies. –

- 1           (1)    The appraised valuation of a bus line company's rolling stock shall be  
2                allocated for taxation to each local taxing unit according to the ratio of the  
3                company's scheduled miles during the calendar year preceding January 1 in  
4                each such unit to the company's total scheduled miles in this State for the  
5                same period. In no event, however, shall the State Board make an allocation  
6                to a taxing unit if, when computed, the valuation for that taxing unit amounts  
7                to less than five hundred dollars (\$500.00).
- 8           (2)    The appraised valuation of the rolling stock (other than locally assigned  
9                rolling stock) owned or leased by a motor freight carrier company shall be  
10               allocated for taxation to each local taxing unit in which the company has a  
11               terminal according to the ratio of the tons of freight handled in the calendar  
12               year preceding January 1 at the company's terminals within the taxing unit to  
13               the total tons of freight handled by the company in this State in the same  
14               period. If a North Carolina interstate motor freight carrier company has no  
15               terminal outside this State, but has been required to pay ad valorem tax to  
16               one or more taxing units outside this State, there shall be allowed a reduction  
17               in the North Carolina valuation measured by the ratio of the rolling stock  
18               subject to ad valorem taxation outside the State to all of the carrier's rolling  
19               stock.
- 20          (3)    The appraised valuation of an airline company's flight equipment shall be  
21               allocated for taxation to each local taxing unit in which an airport used by  
22               the company is situated according to the ratio obtained by averaging the  
23               following two ratios: the ratio of the company's ground hours in the taxing  
24               unit in the year preceding January 1 to the company's ground hours in the  
25               State in the same period, and the ratio of the company's gross revenue in the  
26               taxing unit in the year preceding January 1 to the company's gross revenue in  
27               the State in the same period.
- 28          (4)    The appraised valuation of towers and related site improvements owned by a  
29               tower aggregate company shall be allocated for taxation to each local taxing  
30               unit in which the tower aggregate company operates according to the ratio of  
31               the total tower height of the company's towers located in the taxing unit on  
32               January 1 to the total tower height of the company's towers located in the  
33               State on the same date."

34               **SECTION 5.** This act is effective for taxes imposed for taxable years beginning on  
35               or after July 1, 2012.